

ADC TELECOMMUNICATIONS INC

Form DEF 14A

January 16, 2009

Table of Contents

**SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

ADC TELECOMMUNICATIONS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
(Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

ADC Telecommunications, Inc.
13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080

ADC TELECOMMUNICATIONS, INC.

January 20, 2009

Dear ADC Shareowner:

You cordially are invited to attend the annual shareowners' meeting of ADC Telecommunications, Inc., which will be held in the Auditorium at ADC's World Headquarters on Wednesday, March 4, 2009, at 9:00 a.m. Central Standard Time. ADC's World Headquarters are located at 13625 Technology Drive, Eden Prairie, Minnesota 55344. Details of the business to be conducted at the annual meeting are given in the attached notice of annual shareowners' meeting.

If you do not plan to attend the annual meeting, please vote your shares either by telephone, Internet or the mail. Instructions on voting your shares are on the notice of Internet availability of proxy materials you received for the annual meeting. If you received paper copies of our proxy materials, instructions on voting your shares are on the enclosed proxy card. If you decide to attend the annual meeting and wish to change your proxy vote, you may do so automatically by voting in person at the annual meeting.

We look forward to seeing you at the annual meeting.

Robert E. Switz
Chairman of the Board, President and Chief
Executive Officer

YOUR VOTE IS IMPORTANT

Table of Contents

(THIS PAGE INTENTIONALLY LEFT BLANK)

Table of Contents

ADC Telecommunications, Inc.
13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080

**NOTICE OF ANNUAL SHAREOWNERS MEETING
TO BE HELD MARCH 4, 2009**

To the Shareowners of ADC Telecommunications, Inc.:

NOTICE IS HEREBY GIVEN that the annual shareowners meeting of ADC Telecommunications, Inc. will be held in the Auditorium of ADC's World Headquarters, 13625 Technology Drive, Eden Prairie, Minnesota 55344, on Wednesday, March 4, 2009, at 9:00 a.m. Central Standard Time, for the purpose of considering and acting upon:

1. The election of four directors for terms expiring in 2012;
2. A proposal to set the number of directors at eleven;
3. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our 2009 fiscal year (expected to end on September 30, 2009); and
4. The transaction of such other business as may come properly before the meeting or any adjournment thereof.

Shareowners of record at the close of business on January 6, 2009, are the only persons entitled to notice of, and to vote at, the annual meeting.

Your attention is directed to the proxy statement. **We encourage you to vote on the Internet or by telephone in order to reduce our mailing and handling expenses.** If you choose to return the proxy card by mail, we have enclosed an envelope addressed to ADC for which no postage is required if mailed in the United States.

By Order of the Board of Directors

Jeffrey D. Pflaum
*Vice President, General Counsel
and Secretary*

January 20, 2009

TABLE OF CONTENTS

| | Page |
|--|-------------|
| <u>GENERAL INFORMATION ABOUT THE MEETING</u> | 1 |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | 2 |
| <u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u> | 3 |
| <u>CORPORATE GOVERNANCE AND BOARD MATTERS</u> | 4 |
| <u>Governance Principles and Code of Ethics</u> | 4 |
| <u>Meeting Attendance</u> | 4 |
| <u>Standing Committees</u> | 4 |
| <u>Nominations</u> | 5 |
| <u>Shareowner Communications with Board</u> | 6 |
| <u>Related Party Transaction Policies and Procedures</u> | 6 |
| <u>DIRECTOR COMPENSATION</u> | 8 |
| <u>Fiscal 2008 Compensation</u> | 8 |
| <u>Review of Director Compensation</u> | 9 |
| <u>PROPOSAL 1 ELECTION OF DIRECTORS</u> | 10 |
| <u>PROPOSAL 2 SET THE SIZE OF THE BOARD OF DIRECTORS AT ELEVEN</u> | 14 |
| <u>EXECUTIVE COMPENSATION</u> | 14 |
| <u>Compensation Committee Report</u> | 14 |
| <u>Compensation Discussion and Analysis</u> | 14 |
| <u>Summary Compensation Table</u> | 26 |
| <u>Grants of Plan-Based Awards</u> | 28 |
| <u>Outstanding Equity Awards at Fiscal Year-End</u> | 29 |
| <u>Stock Vested During Fiscal 2008</u> | 31 |
| <u>Pension Benefits</u> | 31 |
| <u>Nonqualified Deferred Compensation</u> | 32 |
| <u>Employment, Severance and Change in Control Arrangements</u> | 32 |
| <u>EQUITY COMPENSATION PLAN INFORMATION</u> | 36 |
| <u>AUDIT COMMITTEE REPORT AND PAYMENT OF FEES TO AUDITORS</u> | 37 |
| <u>Report of the Audit Committee of the Board of Directors</u> | 37 |
| <u>Principal Accountant Fees and Services</u> | 38 |
| <u>Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Our Independent Registered Public Accounting Firm</u> | 38 |
| <u>PROPOSAL 3 RATIFY THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | 39 |
| <u>SHAREOWNER PROPOSALS FOR THE NEXT ANNUAL MEETING</u> | 39 |
| <u>ANNUAL REPORT AND FORM 10-K</u> | 39 |
| <u>OTHER MATTERS</u> | 40 |

Table of Contents

ADC Telecommunications, Inc.
13625 Technology Drive
Eden Prairie, Minnesota 55344-2252
(952) 938-8080

PROXY STATEMENT
ANNUAL SHAREOWNERS MEETING
TO BE HELD ON MARCH 4, 2009

GENERAL INFORMATION ABOUT THE MEETING

This proxy statement has been prepared on behalf of the Board of Directors of ADC Telecommunications, Inc. in connection with the solicitation of proxies for our annual shareowners meeting to be held on Wednesday, March 4, 2009, and at any and all adjournments of the annual meeting. The cost of soliciting proxies, including the cost of preparing and mailing the notice of annual shareowners meeting, the notice of Internet availability of proxy materials, and this proxy statement, is being paid by us. In addition, we will, upon the request of brokers, dealers, banks, voting trustees and their nominees who are holders of record of shares of our common stock on the record date specified below, bear their reasonable expenses for mailing copies of these materials to the beneficial owners of these shares. We have engaged The Proxy Advisory Group, LLC, to assist in the solicitation of proxies and provide related advice and informational support, for a services fee and the reimbursement of customary disbursements that are not expected to exceed \$15,000 in the aggregate. In addition, our officers and other employees may solicit proxies in person or by telephone or facsimile but will receive no extra compensation for these services. This proxy statement and the forms of proxy are first being made available to shareowners on or around January 20, 2009.

Shareowners of record at the close of business on January 6, 2009, are the only persons entitled to notice of, and to vote at, the annual meeting. As of that date, there were 96,472,273 issued and outstanding shares of our common stock, our only outstanding voting securities. Each shareowner is entitled to one vote for each share held, and there is no cumulative voting.

Shareowners can vote their shares through the Internet, by telephone or by mail. Instructions on voting your shares are on the notice of Internet availability of proxy materials you received for the annual meeting. If you received paper copies of our proxy materials, instructions on voting your shares are on the enclosed proxy card. The Internet and telephone voting procedures are designed to verify shareowners identities, allow shareowners to give voting instructions and confirm that their instructions have been recorded properly. Shareowners who vote through the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers, and that these costs must be borne by the shareowner. Shareowners who vote by Internet or telephone need not return a proxy card by mail.

Whether shareowners submit their proxies by mail, telephone or the Internet, a shareowner may revoke a proxy by sending a written notice of revocation or submitting another proxy with a later date (either by mail, telephone or the Internet) at any time prior to the date of the annual meeting or by voting in person at the annual meeting. Unless so revoked, properly executed proxies will be voted in the manner set forth in this proxy statement or as otherwise specified by the shareowner giving the proxy.

Important Notice Regarding the Availability of Proxy Materials for the Shareowners Meeting to be Held on March 4, 2009: This proxy statement and our 2008 Annual Report and Form 10-K are available at www.proxyvote.com

Table of Contents**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number of shares of our common stock that were beneficially owned as of January 2, 2009 by our directors, our executive officers included in the Summary Compensation Table set forth under the caption Executive Compensation below, all of our directors and executive officers as a group and all shareowners known by us to be beneficial owners of more than five percent of our common stock. Except as otherwise indicated, the shareowners listed in the table have sole voting and investment power with respect to the common stock owned by them, and the shares are not subject to any pledge.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Common Stock Outstanding |
|--|--|--|
| Advisory Research, Inc. 180 North Stetson Street, Suite 5500 Chicago, IL 60601 | 11,729,929(1) | 12.2% |
| Lord, Abbett & Co. LLC 90 Hudson Street Jersey City, NJ 07302 | 9,832,270(2) | 10.2% |
| Citadel Investment Group, L.L.C. 131 S. Dearborn Street Chicago, IL 60603 | 5,813,555(3) | 6.0% |
| Barclays Global Investors, NA 45 Fremont Street San Francisco, CA 94105 | 4,862,828(4) | 5.0% |
| Robert E. Switz | 807,949(5) | * |
| James G. Mathews | 21,400(5) | * |
| Patrick D. O'Brien | 132,385(5) | * |
| Laura N. Owen | 155,053(5) | * |
| Jeffrey D. Pflaum | 107,980(5) | * |
| J. Kevin Gilligan | 16,696(6) | * |
| John A. Blanchard III | 81,109(6) | * |
| John J. Boyle III | 63,196(6) | * |
| Mickey P. Foret | 32,343(6)(7) | * |
| Lois M. Martin | 17,696(6) | * |
| Krish A. Prabhu, Ph.D | 0 | * |
| John E. Rehfeld | 17,696(6) | * |
| David A. Roberts | 0 | * |
| William R. Spivey, Ph.D. | 16,696(6) | * |
| Larry W. Wangberg | 35,659(6) | * |
| John D. Wunsch | 38,227(6) | * |
| All executive officers and directors as a group (16 persons) | 1,641,956(8) | 1.7% |

* Less than 1%.

- (1) Based on information in a Schedule 13G dated January 9, 2009, Advisory Research, Inc., an investment adviser, reported that it had sole voting and dispositive power with respect to 11,729,929 shares as of December 31, 2008.
- (2) Based on information in a Schedule 13G/A dated January 9, 2009, Lord, Abbett & Co. LLC, an investment adviser, reported that it had sole voting power with respect to 9,415,451 shares and sole dispositive power with respect to 9,832,270 shares as of December 31, 2008.

Table of Contents

- (3) Based on information in a Schedule 13G dated January 2, 2009, Citadel Investment Group, L.L.C. and a group of affiliated entities reported that each member of the group had shared voting power with respect to 5,813,555 shares as of December 23, 2008. Citadel Holdings Ltd., a Cayman Islands company (CH), is majority owned by Citadel Kensington Global Strategies Fund Ltd., a Bermuda company (CKGSF). Citadel Equity Fund Ltd. (CEF) is a subsidiary of CH. CKGSF and CH do not have control over the voting or disposition of securities held by CEF. Citadel Derivatives Group LLC (CDG) is majority owned by Citadel Derivatives Group Investors, LLC, a Delaware limited liability company (CDGI). CDGI does not have control over the voting or disposition of securities held by CDG. Citadel Derivatives Trading Ltd. (CDT) is majority owned by CLP Holdings LLC, a Delaware limited liability company (CLPH). CLPH does not have control over the voting or disposition of securities held by CDT.
- (4) Based on information in a Schedule 13G/A dated May 8, 2008, Barclays Global Investors, NA and a group of affiliated entities reported that they had sole power to vote and to dispose of shares as of April 30, 2008 as follows: (a) Barclays Global Investors, NA had sole voting power with respect to 2,313,782 shares and sole dispositive power with respect to 2,763,537 shares, (b) Barclays Global Fund Advisors had sole voting power with respect to 1,330,927 shares and sole dispositive power with respect to 1,853,086 shares, (c) Barclays Global Investors, Ltd. had sole voting power with respect to 40,747 shares and sole dispositive power with respect to 179,633 shares, and (d) Barclays Global Investors Japan Limited had sole voting power and sole dispositive power with respect to 66,572 shares. The shares reported are held in trust accounts for the economic benefit of the beneficiaries of these accounts.
- (5) Includes (a) shares issuable pursuant to stock options exercisable within 60 days after January 2, 2009, (b) shares issuable in connection with the vesting of restricted stock units within 60 days after January 2, 2009, and (c) shares held in trust for the benefit of the executive officers pursuant to our Retirement Savings Plan, which we call the 401(k) Plan in this proxy statement, as follows: for Mr. Switz, (a) options to purchase 596,360 shares, (b) 62,500 shares from the vesting of restricted stock units, and (c) 2,966 401(k) Plan shares; for Mr. Mathews, (a) options to purchase 13,900 shares and (b) 7,500 shares from the vesting of restricted stock units; for Mr. O'Brien, (a) options to purchase 97,654 shares, (b) 9,000 shares from the vesting of restricted stock units, and (c) 3,953 401(k) Plan shares; for Ms. Owen, (a) options to purchase 116,692 shares, (b) 9,000 shares from the vesting of restricted stock units, and (c) 8,119 401(k) Plan shares; and for Mr. Pflaum, (a) options to purchase 79,991 shares, (b) 7,250 shares from the vesting of restricted stock units, and (c) 2,558 401(k) Plan shares.
- (6) Includes the following shares issuable pursuant to options exercisable within 60 days after January 2, 2009: for Mr. Gilligan, 16,696 shares; for Mr. Blanchard, 41,883 shares; for Mr. Boyle, 50,723 shares; for Mr. Foret, 20,564 shares; for Ms. Martin, 16,696 shares; for Mr. Rehfeld, 16,696 shares; for Dr. Spivey, 16,696 shares, for Mr. Wangberg, 34,945 shares, and for Mr. Wunsch 31,408 shares.
- (7) During December 2008, Mr. Foret acquired the equivalent of 1,779 shares of our variable rate convertible unsecured subordinated notes at 48.5% of face value. The notes mature on June 15, 2013 and have a variable interest rate equal to 6-month LIBOR plus 0.375%. Holders of these notes may convert all or some of their notes into shares of our common stock at any time prior to maturity at a conversion price of \$28.091 per share.
- (8) Includes (a) 1,229,350 shares issuable pursuant to stock options exercisable within 60 days after January 2, 2009, (b) 101,500 shares from the vesting of restricted stock units within 60 days after January 2, 2009, and (c) 17,856 shares held in trust for the benefit of executive officers pursuant to the 401(k) Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and other equity securities with the United States Securities and Exchange Commission (the SEC). Executive officers, directors and greater-than-10% shareowners are required by the SEC regulation to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on a review of the copies of Section 16(a) reports furnished to us during fiscal 2008, all Section 16(a) filing requirements applicable to our executive officers, directors and greater-than-10%

Table of Contents

beneficial owners were satisfied on a timely basis in fiscal 2008, except that Steven Nemitz, Vice President and Controller, filed one late report on Form 3/A to disclose 16 shares of our common stock that were omitted inadvertently from Mr. Nemitz' initial Form 3 report.

CORPORATE GOVERNANCE AND BOARD MATTERS

Governance Principles and Code of Ethics

Our Board of Directors (the Board) is committed to sound and effective corporate governance practices. The Board has adopted written Principles of Corporate Governance which govern the composition of the Board, Board meetings and procedures and the standing committees of the Board. The Board has the following standing committees: Audit Committee, Compensation Committee, Governance Committee (which includes Board nomination responsibility), and Finance and Strategic Planning Committee. Each of these committees has a written charter. Our Principles of Corporate Governance and the charters for each of our standing committees are available for review on our website at www.adc.com/investorrelations/corporategovernance.

Our Principles of Corporate Governance provide that a majority of our directors and all members of our Audit Committee, Compensation Committee and Governance Committee will be independent. Our Board makes an annual determination regarding the independence of each Board member under the current NASDAQ Global Select Market listing standards. Our Board has determined that all of our directors are independent under these standards, except for our Chairman Robert E. Switz, who also serves as our President and Chief Executive Officer. In fiscal 2008, we added the position of Independent Lead Director to our Board and Mr. Gilligan currently serves in that capacity. A description of the roles of Independent Lead Director and Executive Chairman can be found on our website at www.adc.com/investorrelations/corporategovernance.

During fiscal 2008, our independent directors met in an executive session of the Board without management on five occasions. Under our Principles of Corporate Governance, executive sessions of the Board are led by our Independent Lead Director, or, in his absence, by the Chair of the Governance Committee. In addition, each of our Board's standing committees regularly meets in an executive session led by the Chair of the committee.

We maintain a Global Business Conduct Program which sets forth our standards for ethical behavior and legal compliance and governs the manner in which we conduct our business. Our Global Business Conduct Program includes a Financial Code of Ethics applicable to all directors, officers and employees. We conduct required ethics training for our employees. A copy of our Global Business Conduct Program and our Financial Code of Ethics can be found on our website at www.adc.com/investorrelations/corporategovernance.

Meeting Attendance

Each of our directors is expected to make reasonable efforts to attend all meetings of the Board, meetings of each committee on which he or she serves and our annual shareholders' meeting. All ten of our directors who were serving on the Board at the time of our 2008 annual meeting attended that meeting. During fiscal 2008, the Board held eight meetings. During fiscal 2008, each of our directors attended at least 75% of the aggregate of the total number of these meetings plus the total number of meetings of all committees of the Board on which he or she served.

Standing Committees

The Audit Committee has sole authority to appoint, review and discharge our independent registered public accounting firm. The Audit Committee also reviews and approves in advance the services provided by our independent registered public accounting firm, oversees our internal audit function, reviews our internal accounting

controls and administers our Global Business Conduct Program. The Audit Committee currently is composed of Ms. Martin and Messrs. Blanchard, Foret, Wangberg and Wunsch, all of whom meet the existing independence and experience requirements of the NASDAQ Global Select Market and the SEC. Mr. Foret is the Chair of this committee. The Board has determined that each of Messrs. Blanchard and Foret and

Table of Contents

Ms. Martin may be considered an audit committee financial expert under the rules of the SEC. During fiscal 2008, the Audit Committee held seven meetings. The Audit Committee appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal 2009 and is recommending that our shareowners ratify this appointment at our annual meeting. The report of our Audit Committee is found on page 37 of this proxy statement.

The Compensation Committee determines the compensation for our executive officers and non-employee directors, establishes our compensation policies and practices, and reviews annual financial performance under our employee incentive plans. The Compensation Committee currently is composed of Messrs. Blanchard, Gilligan, Rehfeld and Wunsch, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Rehfeld is the Chair of this committee. During fiscal 2008, the Compensation Committee held eight meetings.

The Governance Committee reviews and makes recommendations to the Board regarding nominees for director, establishes and monitors compliance with our Principles of Corporate Governance and conducts an annual review of the effectiveness of our Board and the performance of our President and Chief Executive Officer. The Governance Committee will consider qualified director nominees recommended by shareowners. Our process for receiving and evaluating Board member nominations from our shareowners is described below under the caption Nominations. The Governance Committee currently is composed of Dr. Spivey and Messrs. Boyle, Rehfeld and Wangberg, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Wangberg is the Chair of this committee. During fiscal 2008, the Governance Committee held five meetings.

The Finance and Strategic Planning Committee assists the Board with respect to strategic planning, the evaluation of investment, acquisition and divestiture transactions, and the review of any proposed changes to ADC's capital structure. The Finance and Strategic Planning Committee is composed of Dr. Spivey, Ms. Martin and Messrs. Boyle, Foret and Gilligan, all of whom are independent under the current NASDAQ Global Select Market listing standards. Mr. Boyle is the Chair of this committee. During fiscal 2008, the Finance and Strategic Planning Committee held four meetings.

Nominations

Our Governance Committee is the standing committee responsible for selecting the slate of director nominees for election by our shareowners. The committee recommends these nominees to the Board for approval. All director nominees approved by the Board and all directors appointed to fill any vacancies created between our annual meetings of shareowners are required to stand for election by our shareowners at the next annual shareowners' meeting. During fiscal 2008, our Governance Committee utilized the services of a third-party search firm to assist in the identification and evaluation of Board member candidates. The Committee may also engage similar firms to provide these services in the future, as it deems necessary or appropriate.

Our Governance Committee determines the selection criteria and qualifications for director nominees. As set forth in our Principles of Corporate Governance, a candidate must possess the ability to apply good business judgment and properly exercise his or her duties of loyalty and care. Candidates should also exhibit proven leadership capabilities, high integrity and experience in senior levels of responsibility in their chosen fields, and have the ability to grasp complex business and financial concepts and communications technologies. In general, candidates will be preferred who hold a senior level position in business, finance, law, education, research or government. The Governance Committee considers these criteria in evaluating nominees recommended to the Governance Committee by shareowners. When current Board members are considered for nomination for reelection, the Governance Committee also takes into consideration their prior contributions, performance and meeting attendance records with ADC.

The Governance Committee will consider for possible nomination qualified Board candidates who are submitted by our shareowners by the deadline set forth in our annual proxy statement for shareholder proposals to be considered for

inclusion in our proxy statement. Shareowners wishing to make such a submission may do so by sending the following information to the ADC Governance Committee, c/o ADC

Table of Contents

Corporate Secretary, P.O. Box 1101, Minneapolis, MN 55440: (1) name of the candidate and a resume or brief biographical summary; (2) contact information for the candidate and evidence of the candidate's willingness to serve as a director if elected; and (3) a signed statement regarding the submitting shareowner's status as a shareowner and the number of shares currently held by such shareowner.

The Governance Committee will make a preliminary assessment of each proposed nominee based upon the resume or biographical summary, his or her willingness to serve as a director and other information obtained by the committee. Each proposed nominee is evaluated against the criteria set forth above and our specific needs at the time. Based upon the preliminary assessment, those candidates who appear best suited to be directors of ADC may be invited to participate in a series of interviews, which are used as a further means of evaluating potential candidates. On the basis of information obtained during this process, the Governance Committee determines which nominees to recommend to the Board for submission to our shareowners at the next annual meeting. The Governance Committee uses the same process for evaluating all proposed nominees, regardless of the original source of the candidate.

No candidates for director nominations were submitted to the Governance Committee by any shareowner in connection with the 2009 annual meeting. Any shareowners desiring to present a nomination for consideration by the Governance Committee prior to our 2010 annual meeting must do so by September 22, 2009, in order to provide adequate time for the Committee to give due consideration to the nominee.

Shareowner Communications with Board

The Board has implemented a process by which our shareowners may send written communications to the Board. Any shareowner desiring to communicate with the Board, or one or more of our directors, may send a letter addressed to the ADC Board of Directors, c/o ADC Corporate Secretary, P.O. Box 1101, Minneapolis, MN 55440. The Corporate Secretary has been instructed by the Board to forward promptly all such communications to the Board or to the individual Board members specifically addressed in the communication.

Related Party Transaction Policies and Procedures

The Board maintains a written policy regarding transactions with related parties. Under the policy, a related party includes any (1) ADC executive officer, director or director nominee, (2) shareowner who beneficially owns more than 5% of our common stock, (3) immediate family member of any of the foregoing, or (4) firm, corporation, charity or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has control or a substantial ownership interest. In accordance with the policy, the Audit Committee is responsible for the review and approval or ratification of any interested transaction with a related party. An interested transaction is defined in the policy as any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which ADC is a participant and any related party has or will have a material direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). In determining whether to approve or ratify an interested transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the interested transaction is on terms generally consistent with those available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Also, as further described in the policy, the Audit Committee pre-approved the following transactions:

Employment of executive officers;

Director compensation;

Any transaction with another company at which a related party's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or two percent of that company's total annual revenues;

Table of Contents

Any charitable contribution, grant or endowment by ADC or the ADC Foundation to a charitable organization, foundation or university at which a related party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or five percent of the charitable organization's total annual receipts;

Any transaction where the related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis;

Certain regulated transactions;

Certain banking-related services; and

Any transaction in the ordinary course of business in which the aggregate amount involved will not exceed \$100,000.

In connection with each regularly scheduled meeting of the Audit Committee, a summary of each new interested transaction deemed pre-approved pursuant to the policy and each new interested transaction pre-approved by the Chair is to be provided to the Audit Committee for its review.

Table of Contents

DIRECTOR COMPENSATION

Fiscal 2008 Compensation

Cash Fees. During fiscal 2008, we paid our non-employee directors:

an annual cash retainer fee of \$70,000 to those members who attended at least 75% of the aggregate of the total number of Board meetings plus the total number of meetings of all committees of the Board on which he or she served; and

\$1,500 for each Board meeting and \$1,000 for each committee meeting attended in excess of the first ten meetings.

In addition, we provided a retainer to Mr. Blanchard for his service as Non-Executive Chairman of the Board at an annualized rate of \$100,000 in fiscal 2008. Following Mr. Blanchard's resignation from this position in connection with his pending retirement from our Board, we appointed Mr. Gilligan as our Independent Lead Director and provided Mr. Gilligan with a cash retainer at an annualized rate of \$75,000 for his services as Independent Lead Director. Further, the Chair of each committee of the Board received the following cash retainers:

Audit Committee Chair: \$10,000

Compensation Committee Chair: \$5,000

Finance and Strategic Planning Committee Chair: \$5,000

Governance Committee Chair: \$5,000

Equity Awards. Restricted stock awards having an approximate value of \$70,000 on the date of grant are made to each non-employee director on the first business day after each annual shareholders' meeting. For fiscal 2008, each non-employee director received those restricted stock units on March 7, 2008, with the exception of Dr. Prabhu and Mr. Roberts, who were not directors at that time. The restricted stock units vest on the first anniversary of the date of grant, and the shares underlying the restricted stock units are distributed 90 days following termination of Board service. Dr. Prabhu and Mr. Roberts each received restricted stock units upon their appointment to the Board on November 1, 2008, having a value of approximately \$23,600 as of that date. This represented a prorated portion of the annual grant made to other non-employee directors in March 2008 and served as partial compensation for Dr. Prabhu and Mr. Roberts' Board service from November 1, 2008 through the 2009 annual shareholders' meeting.

Deferred Compensation Plan. Directors may defer any portion of their cash or stock compensation pursuant to our Compensation Plan for Non-Employee Directors of ADC Telecommunications, Inc. Cash compensation may be deferred into an interest bearing account based upon the prime commercial rate of Wells Fargo Bank, N.A. Stock compensation deferred is converted to phantom stock indexed to ADC common stock. Any stock deferrals are converted to ADC common stock at the time of the director's termination from the Board. None of our non-employee directors deferred compensation pursuant to our Compensation Plan for Non-Employee Directors of ADC Telecommunications, Inc. during fiscal 2008.

Charitable Donation Programs. We offer two charitable donation programs in which our non-employee directors may participate. Under our Corporate Leaders in Community Program (the CLIC Program), we will make a charitable

contribution of up to \$5,000 in any one year period to a charitable organization in which a non-employee director is involved. Under our Matching Gift Program (the Matching Gift Program), we will match dollar for dollar up to \$1,000 per year donations made by our non-employee directors to charitable organizations.

Reimbursements. Non-employee directors are reimbursed for expenses (including costs of travel, food and lodging) incurred in attending Board, committee and shareowner meetings. Directors generally use commercial transportation or their own transportation. Directors also are reimbursed for reasonable expenses associated with other business activities related to their Board service, including participation in director education programs and memberships in director organizations.

Table of Contents

Liability Insurance. We also pay premiums on directors and officers liability insurance policies covering directors.

Director Compensation Table. The following table discloses the cash, equity awards and other compensation earned by or paid or awarded to, as the case may be, each of our non-employee directors for fiscal 2008.

Fiscal 2008 Director Compensation

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards \$(1) | All Other Compensation \$(2) | Total (\$) |
|--------------------------|---|-----------------------------------|---|-----------------------|
| J. Kevin Gilligan | 108,000 | 69,994 | | 177,994 |
| John A. Blanchard III | 167,000 | 69,994 | 5,000 | 241,994 |
| John J. Boyle III | 85,000 | 69,994 | 5,000 | 159,994 |
| Mickey P. Foret | 96,500 | 69,994 | 1,000 | 167,494 |
| Lois M. Martin | 81,000 | 69,994 | 5,650 | 156,644 |
| Krish A. Prabhu, Ph.D(3) | | | | 0 |
| John E. Rehfeld | 84,750 | 69,994 | | 154,744 |
| David A. Roberts(3) | | | | 0 |
| William R. Spivey, Ph.D. | 78,000 | 69,994 | | 147,994 |
| Larry W. Wangberg | 86,000 | 69,994 | | 155,994 |
| John D. Wunsch | 85,500 | 69,994 | | 155,494 |

- (1) The amounts in this column are calculated based on Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors. The amounts reflect (a) the grant date fair value of each award computed in accordance with SFAS 123(R) and (b) the dollar amount recognized for financial statement reporting purposes for fiscal 2008 for share-based awards. Assumptions used in the calculation of these amounts are included in footnote 12 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2008.
- (2) The amounts represent charitable contributions made by ADC on behalf of the directors under the CLIC Program and the Matching Gift Program.
- (3) Dr. Prabhu and Mr. Roberts became members of our Board on November 1, 2008.
- (4) As of October 31, 2008, the members of our Board held a number of time-based restricted stock units (RSUs) and shares issuable pursuant to stock options as follows: for Mr. Gilligan, (a) 9,767 RSUs and (b) 16,696 stock options; for Mr. Blanchard, (a) 10,413 RSUs and (b) 41,883 stock options; for Mr. Boyle, (a) 10,413 RSUs and (b) 50,723 stock options; for Mr. Foret, (a) 10,413 RSUs and (b) 20,564 stock options; for Ms. Martin, (a) 10,413 RSUs and (b) 16,696 stock options; for Mr. Rehfeld, (a) 9,767 RSUs and (b) 16,696 stock options; for Dr. Spivey, (a) 11,099 RSUs and (b) 16,696 stock options; for Mr. Wangberg, (a) 10,413 RSUs and (b) 34,945 stock options; and for Mr. Wunsch (a) 12,908 RSUs and (b) 31,408 stock options.

Review of Director Compensation

The Compensation Committee periodically reviews Board compensation based on market analysis provided by the Compensation Committee's compensation consultant, F. W. Cook & Co., Inc. (F.W. Cook). The compensation consultant advises the Compensation Committee regarding the competitive position of Board compensation relative to our peer group (as described in the CD&A later in this proxy statement). There are no planned changes to director compensation for fiscal 2009.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Our directors are divided into three classes. The members of each class are elected to serve three-year terms, with the term of office of each class ending in successive years. Ms. Martin, Dr. Prabhu, Mr. Rehfeld, and Mr. Roberts are the directors in the class with a term expiring at the annual meeting who are being recommended for election. Dr. Prabhu and Mr. Roberts became members of our Board on November 1, 2008 by action of our Board at the recommendation of our Governance Committee after a search and evaluation process conducted with the assistance of a third-party search firm. Also, following the recommendation of our Governance Committee, our Board has nominated Ms. Martin, Dr. Prabhu, Mr. Rehfeld, and Mr. Roberts for election to the Board at the annual meeting with terms expiring